



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8**

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Ref: 8P-AR

JUN 27 2006

Terry L. O'Clair, Director
Division of Air Quality
Environmental Health Section
North Dakota Department of Health
918 E. Divide Ave.
Bismarck, ND 58501-1947

Dear Terry:

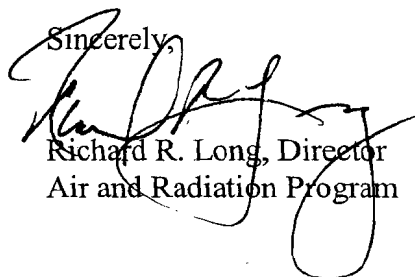
I am writing as a follow-up to our conversation on April 11, 2006 concerning the State submitting the Best Available Retrofit Technology (BART) portion of their Regional Haze State Implementation Plan (SIP) to EPA for approval in December 2006 and how this affects the SO₂ Prevention of Significant Deterioration (PSD) increment. As we discussed, the State can use SO₂ emission reductions that result from meeting the requirements of BART in 40 CFR 51.308(e) to show that the SO₂ PSD increment has room for emissions growth from proposed new and modified PSD sources. The increment consumption analysis is based on "actual emissions" (40 C.F.R. 52.166(b)(13)) which means that there must be an actual reduction in actual emissions by the time the new source starts operating in order for the reductions to be used in a showing that the new source will not cause or contribute to an increment exceedance (40 C.F.R. 51.166(k)(2), Clean Air Act 165(a)(3)).

Once the BART emission reductions are approved by the State, the State could take credit for the emission reductions in considering new PSD sources as long as the permits include a permit condition that limits start up until after the existing source controls that EPA approves for BART are implemented. We would be happy to work the State on developing and reviewing the draft permit language to be adopted in the permits to this effect.

Our understanding is that the State plans on submitting the rest of its 308 Regional Haze SIP in 2007 to demonstrate that it is making reasonable further progress toward the national visibility goal. If the State were to allow all of the BART emission reductions to be consumed by new source growth, we would be concerned that the State might not be able to show reasonable further progress in the SIP. The State should consider this when they begin issuing the PSD permits and as they begin developing the long-term strategies for regional haze.

If you have any questions, please contact me, or have your staff contact Laurel Dygowski at (303) 312-6144.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard R. Long', written over the printed name and title.

Richard R. Long, Director
Air and Radiation Program

